

Message Text

LIMITED OFFICIAL USE

PAGE 01 OTTAWA 00009 042207Z
ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00
CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 PA-01
PRS-01 /102 W

-----042255Z 071973 /63

R 042113Z JAN 77
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 2032

LIMITED OFFICIAL USE OTTAWA 0009

E.O. 11652: N/A
TAGS: ENRG, EINV, CA
SUBJ: FEDERAL REACTION TO POSSIBLE PROVINCIAL
GOVERNMENT TAKEOVER OF PETROLEUM INDUSTRY IN
SASKATCHEWAN

REF: (A) WINNIPEG 540; (B) WINNIPEG 541

1. REFTEL A REPORTED STATEMENT BY SASKATCHEWAN ATTORNEY
GENERAL ROY ROMANOW THAT IF CANADIAN INDUSTRIAL GAS AND OIL
LTD. AND IMPERIAL OIL LTD. ARE SUCCESSFUL IN THEIR SUIT TO
STRIKE DOWN BILL 42 (SASKATCHEWAN OIL AND GAS
CONSERVATION, STABILIZATION AND DEVELOPMENT ACT) AND THEREBY
RECOVER \$50 MILLION IN REVENUE COLLECTED BY GOVERNMENT OF
SASKATCHEWAN (GOS), THE PROVINCE WOULD CONSIDER NATIONAL-
IZATION OF THE INDUSTRY TO AVOID HAVING TO REFUND THE
TAXES. IF THE TWO OIL COMPANIES WIN THEIR CASE -- DUE
TO BE DECIDED BY THE SUPREME COURT THIS MONTH -- AND
OTHER COMPANIES FOLLOW SUIT, GOS MIGHT HAVE TO PAY
FIRMS IN THE INDUSTRY UP TO \$500 MILLION.

2. REFTEL B REPORTED EDITORIAL COMMENT IN GLOBE AND MAIL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OTTAWA 00009 042207Z

THAT GOS MOVE, WHICH PARALLELS ITS EARLIER ACTIONS
VIS-A-VIS THE POTASH INDUSTRY, IS A CURIOUS COMBINATION OF
POLITICAL MANIPULATION AND/OR INEPTITUDE.

3. COMMENT: ACCORDING TO A SENIOR ENERGY, MINES AND
RESOURCES OFFICIAL, ROMANOW'S STATEMENT IS SOMETHING OF
A SURPRISE TO THE FEDERAL GOVERNMENT WHICH HAS,

MOREOVER, NO IDEA WHAT THE ULTIMATE INTENTIONS OF GOS MIGHT BE. OFFICIAL ADDED THAT OIL COMPANIES ARE, IN EFFECT, DEFENDING THE FEDERAL GOVERNMENT'S INTERESTS IN THIS INSTANCE. MANY FEDERAL LEGAL EXPERTS HOLD VIEW THAT SASKATCHEWAN BILL 42 AND A SIMILAR ALBERTA LAW, THE GAS RESOURCES PRESERVATION ACT, ARE UNCONSTITUTIONAL BECAUSE THEY TAX OR REGULATE COMMODITIES IN INTERPROVINCIAL TRADE. THE FEDERAL GOVERNMENT, THOUGH USUALLY JEALOUS OF ITS TAXATION PREROGATIVES, HAS NOT CHALLENGED THESE PROVINCIAL LAWS IN THE COURTS. IT HAS NOT DONE SO, THE OFFICIAL SAID, BECAUSE IT WANTS TO AVOID ANOTHER CONFRONTATION WITH THESE RESOURCE PRODUCING PROVINCES AT THIS JUNCTURE WHEN THE FEDERAL/PROVINCIAL RELATIONSHIP IS REplete WITH PROBLEMS AND CONFLICT.
LEARY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, NATIONALIZATION, PETROLEUM INDUSTRY, GOVERNMENT REACTIONS, PROVINCIAL GOVERNMENT, SASKATCHEWAN
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977OTTAWA00009
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770003-0794
Format: TEL
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770182/aaaacton.tel
Line Count: 78
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6c075ddd-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 WINNIPEG 540, 77 WINNIPEG 541
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 20-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3667317
Secure: OPEN
Status: NATIVE
Subject: FEDERAL REACTION TO POSSIBLE PROVINCIAL GOVERNMENT TAKEOVER OF PETROLEUM INDUSTRY IN SASKATCHEWAN
TAGS: ENRG, EINV, CA
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/6c075ddd-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009